

---

California Department of Water Resources



---

May 2, 2002

**CONTACT:** Oscar Hidalgo  
California Energy Resources Scheduling Division, DWR  
(916) 574-1292

---

**DWR Successfully Restructures CalPeak Power Contract**

**Sacramento** – The California Department of Water Resources (DWR) today announced that it has successfully restructured its contract with CalPeak Power, reducing costs by a total of \$71 million (or 17 percent).

The new contract with CalPeak calls for the termination of one of seven peaker projects, shortening the term of another and reducing the cost of the remaining projects. In addition, the new contracts have improved the operational flexibility and include provisions that meet concerns expressed in an audit report by the California State Auditor.

“We were able to reduce cost while increasing reliability in power delivery to Californians,” said Pete Garris, Deputy Director of DWR. “The greater flexibility also brings additional cost savings by allowing DWR to better match supplies with fluctuations in demand.”

Today’s announcement comes just 10-days after state officials announced the restructuring of eight power agreements at a cost savings of \$3.5 billion. Those included agreements with Calpine Corporation, High Desert Power LLC – a subsidiary of Constellation Energy Corporation, Capitol Power, Whitewater Energy Corporation (Whitewater Hill and Cabazon). There are a total of nine long-term agreements that have now been restructured.

The CalPeak agreements originally consisted of the construction of seven separate 50 megawatt plants at a cost of \$403 million over 10 years. The new agreements now call for six, 48 megawatt facilities at a cost of \$332 million over 10 years.

**-more-**

### **Summary of Restructured Terms**

- Reduce overall cost by \$70.9 million from the original cost of \$403 million to \$332 million over 10 years;
- Terminates CalPeak's Mission Bay project, one of seven originally planned peaker facilities;
- Relocates the Midway Project, which was located in a transmission-congested area of Kern County, to a Northern California location free from transmission constraints. Location for the new site has yet to be determined;
- Shortens Midway project by one year, from 10 years to nine years;
- Commercial operation date for Midway plant has been extended from Dec. 31, 2001 to June 1, 2003;
- Reduced capacity payments of remaining plants – Border, Enterprise, Vaca-Dixon, El Cajon and Panoche – by \$750,000 per year for 10-years;
- Strengthens performance guarantees, and improves termination and inspection rights;
- Adds reliability and cost control by increasing dispatch rights, allowing DWR to better match resources to varying loads;

CalPeak currently has three of the six peaker facilities on-line. Two more plants are expected on-line by June 1, 2002 and a sixth (and final) on-line by June 1, 2003.

The CalPeak contract, including the restructured contracts announced on April 22, 2002, are now available on DWR's web site at [www.water.ca.gov](http://www.water.ca.gov).

-o0o-